

The Insolvency Act 1986

Administrators' progress report

Name of Company AAA Linen Services Limited	Company number 04254619
In the High Court of Justice [full name of court]	Court case number 8582 of 2014

(a) Insert full name(s)
and address(es) of
administrator(s)

I/We (a)

Neil David Gostelow
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

David John Standish
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates from

to

(b) 26 November 2014

(b) 25 May 2015

Signed



Joint Administrator

Dated

26 June 2015

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Shoaib Gill
KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD United Kingdom

Tel 020 76944720

When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

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AAA Linen Services Limited - in Administration

Joint Administrators' progress report for
the period 26 November 2014 to 25 May
2015

25 June 2015



Notice to creditors

This progress report provides an update on the administration of the Company

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor

You will find other important information in this progress report such as the costs which we have incurred to date

A glossary of the abbreviations used throughout this document is attached (Appendix 5)

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+AEB25E0950.html>. We hope this is helpful to you

Please also note that an important legal notice about this progress report is attached (Appendix 6).



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1 Executive summary

- ❑ The Directors resolved on 26 November 2014 to appoint us as Joint Administrators. The notice of appointment was lodged at High Court of Justice on 26 November 2014 and we were duly appointed.
- ❑ This progress report covers the period from the date of our appointment to 25 May 2015.
- ❑ We circulated our statement of proposals ('proposals') to all known creditors on 18 December 2014. We conducted the business of a meeting by correspondence and the proposals were approved by the creditors without modification.
- ❑ Upon our appointment, we successfully completed a pre-packaged sale of the Company's business and the majority of its assets for a total consideration of £2.3 million (of which £1.7 million was paid directly to the Asset Finance Companies by the Purchaser) (Section 2 - Progress to date).
- ❑ We anticipate that Secured creditors will be repaid in full (Section 3 - Dividend prospects and dividends paid).
- ❑ There are no preferential claims against the Company (Section 3 - Dividend prospects and dividends paid).
- ❑ We anticipate that unsecured creditors should receive a dividend. We are unable to confirm the amount or timing of the dividend at this stage (Section 3 - Dividend prospects and dividends paid).
- ❑ The administration is currently due to end on 25 November 2015. However, this progress report accompanies a request to the unsecured creditors to consider a 12 month extension to 25 November 2016 (Section 5 – Future strategy).
- ❑ Please note you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+AEB25E0950.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Neil Gostelow
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals.

2.1 Strategy and progress to date

Strategy

Having reviewed the Company's financial position and the historic utility claim of £1.5 million, we considered that it was extremely unlikely that any party would want to buy the business outside of an administration process.

Furthermore, we concluded that it was not feasible to continue to trade the Company in administration whilst we sought to sell the business as a going concern as the nature of the business would make it difficult to retain customers during a period of financial uncertainty.

Consequently, prior to our appointment, the Company entered into a sales process to identify a purchaser for its business and assets. Immediately on our appointment on 26 November 2014, we completed a sale of the Company's business and the majority of its assets.

We continue to maximise realisations from the Company's remaining assets for the benefit of creditors.

Sale of business

As detailed in our Proposals, on 26 November 2014 we successfully completed a sale of the Company's business and various assets to SKG Capital Limited via AAA Linen Supplies Limited, a newly incorporated company set up for this purpose. As part of this sale, all employees transferred to the new company.

The business and certain assets of the Company were transferred on a going-concern basis in accordance with the sales contract. The Purchaser paid a total consideration of £2,396,291 which was allocated as set out below.

Asset	Consideration paid (£)	Notes
Plant and machinery subject to finance	1,307,000	This sum was settled directly between the purchaser and the finance companies.
Unencumbered plant and machinery	100,000	
Stock	10,000	
Book debts	675,237	75% of clean debtors plus 50/50 of aged debtors recoveries (exceeding 90 days) after costs.
Work in progress	304,054	60% of the WIP balance at the date of appointment.
Total	2,396,291	

There is no connection between the Purchaser and the Company. There is also no known connection between the Purchaser and the directors, shareholder or secured creditors of the



Company or their associates. The entirety of the purchase price was met from the cash resources of the Purchaser.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Leasehold property

The Company operated out of two adjacent leasehold properties. We have established that neither property has any realisable value.

As part of the sale of business, we agreed that the Purchaser continue to trade from these premises under a Licence to Occupy to allow them time to negotiate a new lease with the landlord. We understand that this new lease agreement has been delayed and we have therefore extended the Licence to Occupy to 30 June 2015. Due to further delays we anticipate that we will shortly grant a further extension to 31 July 2015.

During this period, the Purchaser remains responsible for all ongoing property charges such as rent, rates and utilities. Where we have received rent and rates from the Purchaser, we have paid this directly across to the landlord as shown in our receipts and payments account.

Book debts

Prior to our appointment, the Company's debtors ledger totalled c £970,000. All book debts were sold as part of the sale of business with the exception of disputed and historic debts, and those aged over 90 days where net realisations are to be split 50/50 between us and the Purchaser.

We have received £675,000 from the Purchaser in respect of book debts. We continue to monitor the recoveries of the remaining debtors being collected by the Purchaser on our behalf. We do not anticipate any material recoveries.

We continue to pursue those debtors not included in the sale of business and, to date, we have received a total of £49,000. We are currently pursuing legal action against a debtor to recover the outstanding debt of £46,000. We do not consider the remaining debtor balances to be realisable.

Pre-appointment tax refunds

Our in-house tax experts have reviewed the Company's accounts and identified some opportunities to recover tax paid by the Company prior to our appointment. To this end we have submitted corporation tax returns for all outstanding pre and post appointment accounting periods ending on or before 31 December 2014 (which period included our disposal of the Company's assets).

We have applied to HMRC to carry back tax-losses to shelter taxable profits arising in earlier periods and as a result of this work we have submitted a corporation tax refund of c £90,000. At the date of this report, HMRC are still reviewing the claim and we will provide an update in our next report.

We envisage that one final corporation tax return will need to be submitted for the remainder of the administration period.

Pre-appointment VAT refunds

We are working with the Company's former accounting staff (who transferred to the Purchaser under TUPE) to prepare and submit a VAT Bad Debt Relief claim to HMRC. This claim seeks to recover VAT paid to HMRC on invoices raised by the Company in pre-appointment periods but which were not



later settled by the Company's customers. We anticipate that our claim will total some £37,000. Any realisation will be subject to HMRC confirming that the Company's VAT liability in the relevant periods does not exceed the claim value.

In addition, following a detailed review of the Company's accounting records, we are in the process of submitting the Company's final pre-administration VAT return which we believe will result in a refund from HMRC of c £80,000.

Investigations

We have reviewed the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

We have concluded that it is not appropriate to carry out further investigation work.

We have complied with the relevant statutory requirements to provide information on the conduct of the Company's directors and any shadow directors to the Department for Business, Innovation and Skills. The contents of our submission are confidential.

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period are provided below.

Rent

Since our appointment we have received rent of £169,000 from the Purchaser under the Licence to Occupy. We have duly paid this over to the landlord.

Rates

We have paid the local rating authority £25,000 for business rates on the leasehold premises since our appointment. This cost is the responsibility of the Purchaser and we have received the necessary funds from them so that no expense is incurred by the administration.

Solicitors' fees

We have paid Pitmans £1,945 for their work to review the validity of the security granted by the Company.

In addition, we have paid £500 to Pitmans for their assistance to twice extend the Licence to Occupy. We have received £500 from the Purchaser to cover this cost so that no additional expense has been incurred by the administration.

2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below.



Solicitors' fees

In this reporting period our solicitors, Pitmans, have accrued unpaid costs of £4,780 for their work to help investigate the Company's potential contractual claim against a third party, Retention of Title queries, assignment of the vehicle hire agreement and surrender of the leases

3 Dividend prospects and dividends paid

3.1 Secured creditors

As at the date of our appointment, RBSIF was owed c £619,000 and the Bank had a c £20,000 exposure as a result of a fuel bond and a credit card exposure. The Bank holds a debenture over the Company's assets dated 7 June 2007 and RBSIF holds a legal charge over all of the Company's assets dated 29 November 2013. Our solicitors, Pitmans, have confirmed the validity of this security.

RBSIF was repaid in full from the sale of business proceeds.

The Bank has confirmed that the fuel bond and credit card exposure have now been crystallised. We await receipt of the final settlement figures under the bonds. We understand the Bank's potential exposure to be c £5,000.

At the time of our appointment, the Company also owed a total of £1.9 million to its four Asset Finance Companies. As part of the sale of business, the Asset Finance Companies were paid £1.3 million. The outstanding balances owed to the Asset Finance Companies will rank as an unsecured claim in the administration.

No further distributions have been made to the Secured creditors as part of the administration but we anticipate that the Secured creditors will be paid in full.

3.2 Preferential creditors

We are not aware of any preferential claims against the Company.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and payment of associated costs.

4 Joint Administrators' remuneration, disbursements and pre-administration costs

4.1 Joint Administrators' remuneration and disbursements

During the period, the unsecured creditors have provided approval that



- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff according to the charge-out rates included in Appendix 4
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 4

Time costs

From the date of our appointment to 25 May 2015, we have incurred time costs of £165,653. These represent 469 hours at an average rate of £353 per hour.

Remuneration

During the period, we have not drawn any remuneration against these time costs.

Disbursements

During the period, we have incurred disbursements of £558. None of these have yet been paid.

Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from our appointment to 25 May 2015. We have also attached our charging and disbursements policy.

Where a creditors' voluntary liquidation is the exit route for the administration and if we are appointed as Joint Liquidators, the basis of remuneration which has been approved for the administration will continue to apply in the creditors' voluntary liquidation.

4.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

Pre-administration costs				
	Disclosed unpaid costs (£)	Approved (£)	Paid in the period (£)	Outstanding (£)
KPMG fees	70,446	60,000	60,000	nil
Consultancy' fees	2,250	2,250	2,250	nil
Pitmans' fees	35,000	35,000	35,000	nil
Total	107,696	97,250	97,250	nil

On 6 February 2015 we obtained approval from the unsecured creditors to pay all of these pre-administration costs as an expense of the administration.



5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to

- Settlement of the remaining debtor balances,
- Submission of the pre-appointment VAT return which is in a refund position,
- Continue to correspond with HMRC with a view to realising a pre-appointment corporation tax refund
- Monitor the situation of the new lease between the Purchaser and the landlord and release the Licence to Occupy in due course,
- Resolve the Company's potential claim against a third party for work that had not been completed in accordance with a contract,
- Apply to Court for permission to distribute to the unsecured creditors,
- Adjudicate the claims received from the unsecured creditors, including directors' loans and intercompany debts, calculate the dividend to be paid and pay the dividend,
- Payment of administration expenses, including our remuneration and disbursements, and
- Complying with statutory and compliance obligations

5.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of creditors or the Court

The administration is currently due to end on 25 November 2015

However, this progress report accompanies a request to the unsecured creditors to consider a 12 month extension to 25 November 2016 to complete the outstanding matters as detailed in Section 5.1

We do not anticipate that we will require the full 12 month extension as we expect to be able to conclude the administration before 25 November 2016. However, we are seeking the maximum extension available by consent of creditors to minimise costs of seeking a further extension from Court should we underestimate our closure timescale here

5.3 Discharge from liability

The unsecured creditors have granted approval that we be discharged from liability in respect of any actions as Joint Administrators, upon the filing of our final receipts and payments account with the Registrar of Companies



Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us

5.4 Future reporting

We will provide a further progress report within one month of 25 November 2015 or earlier if the administration has been completed prior to that time



Appendix 1 Statutory information

Company information

Company name	AAA Linen Services Limited
Date of incorporation	18 July 2001
Company registration number	04254619
Present registered office	KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 8582 of 2014
Appointor	Directors
Date of appointment	26 November 2014
Joint Administrators' details	Neil Gostelow and David Standish
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £425,229 Estimated Prescribed Part is £88,046 The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3 3)
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	25 November 2015



Appendix 2 Joint Administrators' receipts and payments account

AAA Linen Services Limited - in Administration

Joint Administrators' abstract of receipts & payments

Statement of affairs (£)		From 26/11/2014 To 25/05/2015 (£)	From 26/11/2014 To 25/05/2015 (£)
FIXED CHARGE ASSETS			
	Book debts subject to RBSIF	619,362 55	619,362 55
	Goodwill and Intellectual Property	2 00	2 00
		619,364 55	619,364 55
FIXED CHARGE CREDITORS			
(619,000 00)	Fixed charge creditor - RBSIF	(619,362 55)	(619,362 55)
(1,914,000 00)	Fixed charge creditor - Asset financiers	NIL	NIL
(20,000 00)	Fixed charge creditor - RBS	NIL	NIL
		(619,362 55)	(619,362 55)
ASSET REALISATIONS			
	Plant and machinery	100,000 00	100,000 00
	Stock (Linen)	10,000 00	10,000 00
	Work in progress	304,054 42	304,054 42
	Surplus book debts after repayment RBSIF	105,459 29	105,459 29
	Contribution to legal fees	500 00	500 00
	Contribution to administration costs	4,500 00	4,500 00
	Rent	146,295 73	146,295 73
		670,809 44	670,809 44
OTHER REALISATIONS			
	Bank interest, gross	826 67	826 67
	Sundry refunds	5,096 59	5,096 59
	Business rates refund	6,997 51	6,997 51
	Rates received per licence	36,400 00	36,400 00
		49,320 77	49,320 77
COST OF REALISATIONS			
	Consultancy fees	(1,200 00)	(1,200 00)
	Consultancy Fees (pre administration)	(2,250 00)	(2,250 00)
	Statement of affairs work	(500 00)	(500 00)
	Administrators' fees(pre-administration)	(60,000 00)	(60,000 00)
	Legal fees	(2,445 00)	(2,445 00)
	Legal fees (Pre-appointment)	(35,065 00)	(35,065 00)
	Statutory advertising	(169 20)	(169 20)



AAA Linen Services Limited - in Administration
Joint Administrators' abstract of receipts & payments

Statement of affairs (£)		From 26/11/2014 To 25/05/2015 (£)	From 26/11/2014 To 25/05/2015 (£)
	Rent	(146,298 74)	(146,298 74)
	Rates	(25,127 51)	(25,127 51)
	Insurance of assets	(302 10)	(302 10)
	Bank charges	(273 00)	(273 00)
		<u>(273,630 55)</u>	<u>(273,630 55)</u>
	UNSECURED CREDITORS		
(2,746,738 00)	Trade & expense	NIL	NIL
(1,191,275 00)	Directors	NIL	NIL
(634,000 00)	Shortfall to Asset financiers	NIL	NIL
(2,094,051 00)	Connected companies	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(320,600 00)	Ordinary shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(9,539,664 00)</u>		<u>446,501 66</u>	<u>446,501 66</u>
	REPRESENTED BY		
	Floating ch VAT rec'able		37,756 18
	Floating charge current		445,908 61
	Floating ch VAT payable		(37,163 13)
			<u>446,501 66</u>



Appendix 3 Schedule of expenses

Schedule of expenses (26/11/2014 to 25/05/2015)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Consultancy fees	1,200 00	0 00	1,200 00
Consultancy Fees (pre administration)	2,250 00	0 00	2,250 00
Statement of affairs work	500 00	0 00	500 00
Administrators' fees (pre-administration)	60,000 00	0 00	60,000 00
Administrators' fees	0 00	165,653 50	165,653 50
Administrators' expenses	0 00	557 83	557.83
Legal fees	2,445 00	4,780 00	7,225 00
Legal fees (Pre-appointment)	35,065 00	0 00	35,065 00
Statutory advertising	169 20	0 00	169 20
Rent	146,298 74	0 00	146,298 74
Rates	25,127 51	0 00	25,127.51
Insurance of assets	302 10	0 00	302 10
Bank charges	273 00	0 00	273 00
TOTAL	273,630 55	170,991.33	444,621 88

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court

The full text of the relevant rules can be provided on request by writing to Shoab Gill at KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD



Appendix 4 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov_2011.pdf

If you are unable to access this guide and would like a copy, please contact Shoaib Gill on 020 76944720.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates

Charge-out rates (£) for: Restructuring	
Grade	From 01 Oct 2014 £/hr
Partner	595
Director	535
Senior Manager	485
Manager	405
Senior Administrator	280
Administrator	205
Support	125

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.



Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

Category 1 disbursements These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff

Category 2 disbursements These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows

Mileage claims fall into three categories

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate

We have incurred the following disbursements from the date of our appointment to 25 May 2015

Disbursements

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Sundry	245 00		NIL		245 00
Telecommunications	29 99		NIL		29 99
Travel	282 84		NIL		282 84
Total	557 83		NIL		557 83

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company

Category 2 disbursements have been approved in the same manner as our remuneration

Narrative of work carried out for the period 26 November 2014 to 25 May 2015

The key areas of work have been

Statutory and compliance	<ul style="list-style-type: none">□ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences,□ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment,□ preparing statutory receipts and payments accounts,□ arranging bonding and complying with statutory requirements,
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	<ul style="list-style-type: none"> <input type="checkbox"/> obtaining approval from the unsecured creditors of a 12 month extension of the administration, <input type="checkbox"/> ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <input type="checkbox"/> formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same, <input type="checkbox"/> briefing of our staff on the administration strategy and matters in relation to various work-streams, <input type="checkbox"/> regular case management and reviewing of progress, including regular team update meetings and calls, <input type="checkbox"/> meeting with management to review and update strategy and monitor progress, <input type="checkbox"/> reviewing and authorising junior staff correspondence and other work, <input type="checkbox"/> dealing with queries arising during the appointment, <input type="checkbox"/> reviewing matters affecting the outcome of the administration, <input type="checkbox"/> allocating and managing staff/case resourcing and budgeting exercises and reviews, <input type="checkbox"/> liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters, <input type="checkbox"/> complying with internal filing and information recording practices, including documenting strategy decisions
Reports to debenture holders	<ul style="list-style-type: none"> <input type="checkbox"/> providing written and oral updates to representatives of the Royal Bank of Scotland Plc regarding the progress of the administration and case strategy
Cashiering	<ul style="list-style-type: none"> <input type="checkbox"/> setting up administration bank accounts and dealing with the Company's pre-appointment accounts, <input type="checkbox"/> preparing and processing vouchers for the payment of post-appointment invoices, <input type="checkbox"/> creating remittances and sending payments to settle post-appointment invoices, <input type="checkbox"/> reconciling post-appointment bank accounts to internal systems, <input type="checkbox"/> ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	<ul style="list-style-type: none"> <input type="checkbox"/> gathering initial information from the Company's records in relation to the taxation position of the Company, <input type="checkbox"/> submitting relevant initial notifications to HM Revenue and Customs, <input type="checkbox"/> reviewing the Company's pre-appointment corporation tax and VAT position, <input type="checkbox"/> analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations, <input type="checkbox"/> working initially on tax returns relating to the periods affected by the administration, <input type="checkbox"/> analysing VAT related transactions, <input type="checkbox"/> reviewing the Company's duty position to ensure compliance with duty requirements, <input type="checkbox"/> dealing with post appointment tax compliance
General	<ul style="list-style-type: none"> <input type="checkbox"/> reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9, <input type="checkbox"/> drawing remuneration in accordance with the basis which has been approved by the unsecured creditors, <input type="checkbox"/> liaising with the joint appointee in relation to general matters, <input type="checkbox"/> locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage
Asset realisations	<ul style="list-style-type: none"> <input type="checkbox"/> collating information from the Company's records regarding the assets, <input type="checkbox"/> liaising with finance companies in respect of assets subject to finance agreements, <input type="checkbox"/> liaising with agents regarding the sale of assets, <input type="checkbox"/> dealing with issues associated with the sale of stock, <input type="checkbox"/> reviewing outstanding debtors and management of debt collection strategy, <input type="checkbox"/> liaising with Company credit control staff and communicating with debtors, <input type="checkbox"/> seeking legal advice in relation to book debt collections, <input type="checkbox"/> liaising with the Purchaser regarding debtor recoveries, <input type="checkbox"/> reviewing the inter-company debtor position between the Company and other group companies
Property matters	<ul style="list-style-type: none"> <input type="checkbox"/> reviewing the Company's leasehold properties, including review of leases, <input type="checkbox"/> communicating with landlords regarding rent, property occupation and other issues, <input type="checkbox"/> performing land registry searches
Sale of business	<ul style="list-style-type: none"> <input type="checkbox"/> planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers, <input type="checkbox"/> seeking legal advice regarding sale of business, including regarding non-disclosure agreements, <input type="checkbox"/> collating relevant information and drafting information memorandum in relation to the sale of the Company's business and assets and advertising the business for sale, <input type="checkbox"/> dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room, <input type="checkbox"/> managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties,

	<ul style="list-style-type: none"> <input type="checkbox"/> carrying out sale negotiations with interested parties
Health and safety	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with, <input type="checkbox"/> liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance
Open cover insurance	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> arranging ongoing insurance cover for the Company's business and assets, <input checked="" type="checkbox"/> liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place, <input checked="" type="checkbox"/> assessing the level of insurance premiums
Pensions	<ul style="list-style-type: none"> <input type="checkbox"/> collating information and reviewing the Company's pension schemes, <input type="checkbox"/> calculating employee pension contributions and review of pre-appointment unpaid contributions, <input type="checkbox"/> ensuring compliance with our duties to issue statutory notices, <input type="checkbox"/> liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment, <input type="checkbox"/> ensuring death-in-service cover for employees remains in place, <input type="checkbox"/> communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries
Creditors and claims	<ul style="list-style-type: none"> <input type="checkbox"/> drafting and circulating our proposals, <input type="checkbox"/> convening and preparing for the meeting of creditors, <input type="checkbox"/> creating and updating the list of unsecured creditors, <input type="checkbox"/> responding to enquiries from creditors regarding the administration and submission of their claims, <input type="checkbox"/> reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records, <input type="checkbox"/> dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits, <input type="checkbox"/> drafting our progress report
Investigations/ directors	<ul style="list-style-type: none"> <input type="checkbox"/> reviewing Company and directorship searches and advising the directors of the effect of the administration, <input type="checkbox"/> liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies, <input type="checkbox"/> arranging for the redirection of the Company's mail, <input type="checkbox"/> reviewing the questionnaires submitted by the Directors of the Company, <input type="checkbox"/> reviewing pre-appointment transactions, <input type="checkbox"/> drafting the statutory report and submitting to the relevant authority

SIP 9 - Time costs analysis

SIP 9 - Time costs analysis (26/11/2014 to 25/05/2015)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Administration & planning							
Cashiering							
Fund management		0 10	0 20		0 30	96 50	321 67
General (Cashiering)		1 10	22 40		23 50	5,517 50	234 79
Reconciliations (& IPS accounting reviews)		2 60	4 00		6 60	1,895 50	287 20
General							
Books and records			1 40	1 40	2 80	492 00	175 71
Fees and WIP		2 40	1 60	0 90	4 90	1,495 00	305 10
Statutory and compliance							
Appointment and related formalities	10 45	7 60	15 20	1 50	34 75	12,689 75	365 17
Notification of appointment		0 40	3 50	2 50	6 40	1,454 50	227 27
Appointment documents	3 50				3 50	1,872 50	535 00
Bonding and bordereau		0 20	0 50	0 30	1 00	243 50	243 50
Checklist & reviews	2 20	1 10	2 40	0 20	5 90	2,444 00	414 24
Reports to debenture holders		0 30			0 30	121 50	405 00
Statutory advertising			0 40		0 40	112 00	280 00
Strategy documents	2 10	15 90	1 70	0 50	20 20	9,002 50	445 67
Tax							
Initial reviews - CT and VAT		1 00	0 70		1 70	586 00	344 71
Post appointment corporation tax	4 00	10 90	35 30		50 20	13,836 00	275 62
Post appointment VAT	6 00	10 30	22 60		38 90	12,399 00	318 74
Creditors							
Creditors and claims							
General correspondence		8 90	25 40	0 80	35 10	10,269 00	292 56
Legal claims	3 10				3 10	1,844 50	595 00
Notification of appointment		0 10	1 50		1 60	460 50	287 81
Pre-appointment VAT / PAYE / CT	2 00				2 00	1,070 00	535 00
ROT Claims		1 35	5 70		7 05	2,142 75	303 94
Secured creditors		1 00			1 00	485 00	485 00
Statutory reports	3 50	37 60	22 20	3 70	67 00	25,511 00	380 76
Employees							



SIP 9 - Time costs analysis (26/11/2014 to 25/05/2015)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
DTI redundancy payments service			0 50		0.50	140 00	280 00
Investigation							
Directors							
Correspondence with directors	2 50				2 50	1,337 50	535 00
D form drafting and submission	1 00	5 40	13 00		19 40	5,387 00	277 68
Directors' questionnaire / checklist		0 10	0 90		1 00	255 00	255 00
Statement of affairs		4 20	1 20		5 40	2,197 00	406 85
Investigations							
Review of pre-appt transactions		2 10			2.10	850 50	405 00
Realisation of assets							
Asset Realisation							
Cash and investments	1 00	1 50	0 20		2 70	1,258 50	466 11
Debtors	6 60	42 30	6 90		55 80	23,417 00	419 66
Deferred consideration				0 10	0 10	12 50	125 00
Health & safety			1 30		1 30	364 00	280 00
Leasehold property	1 70	32 70	5 50		39 90	15,808 00	396 19
Open cover insurance			0 60		0 60	168 00	280 00
Other assets		2 30	1 50		3 80	1,351 50	355 66
Pre-appointment tax & VAT refunds		3 10	0 30		3 40	1,339 50	393 97
Rent		1 00			1 00	485 00	485 00
Sale of business	5 00	6 20	0 20		11 40	5,242 00	459 82
Total in period	54 65	203 75	198.80	11 90	469 10	165,653 50	353 13

Brought forward time (appointment date to SIP 9 period start date)	0 00	0 00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	469 10	165,653 50
Carry forward time (appointment date to SIP 9 period end date)	469 10	165,653 50

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.





Appendix 5 Glossary

Asset Finance Companies	Lombard North Central plc ING Lease (UK) Limited Investec Asset Management Santander Asset Finance Plc
Bank	Royal Bank of Scotland Plc
Company	AAA Linen Services Limited - in Administration
Joint Administrators/we/our/us	Neil Gostelow and David Standish
KPMG	KPMG LLP
RBSIF	RBS Invoice Finance
Pitmans	Pitmans LLP
Purchaser	SKG Capital LLP via AAA Linen Supplies Limited
Secured creditors	RBSIF and the Bank
SKG	SKG Capital Limited
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

Any references in this progress report to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 respectively



Appendix 6 Notice About this report

This report has been prepared by Neil Gostelow and David Standish, the Joint Administrators of AAA Linen Services Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

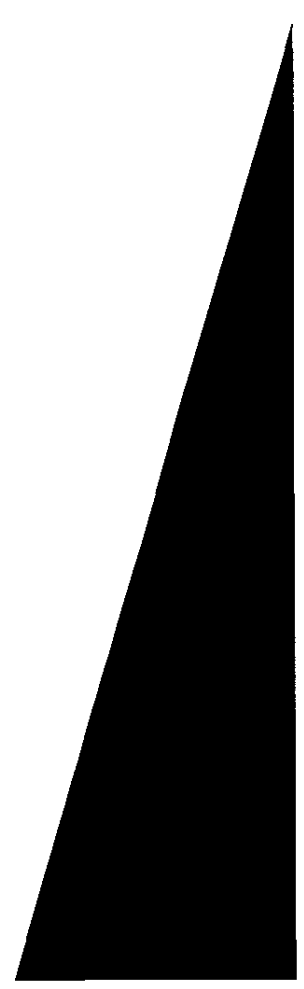
Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Neil David Gostelow is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

David John Standish is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.





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